

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 414 – SB 402

February 4, 2021

SUMMARY OF BILL: Authorizes longevity pay for state employees of the executive branch hired after June 30, 2015.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$8,436,800/FY21-22
\$3,487,100/FY22-23 and Subsequent Years**

Assumptions:

- Longevity awards tenure of employees by paying \$100 for each year of state service and is awarded annually after an employee completes three years of qualifying state service.
- Pursuant to Tenn. Code Ann. § 8-23-206(d)(6), executive branch employees hired after June 30, 2015, are currently not eligible to receive longevity pay. Authorizing such employees to receive longevity pay will result in a recurring increase in state expenditures beginning in FY21-22.
- This increase in expenditures is assumed to include back pay for all current, active employees who were hired after June 30, 2015.
- Employees that are no longer active employees, but were hired after June 30, 2015 are assumed to be exempt from the retroactive longevity payments for prior service.
- Based on information provided by the Department of Human Resources (DHR), there are currently 36,083 full-time active employees in the executive branch, with 14,153 of those hired after June 30, 2015.
- Based on information provided by the DHR, backpay of current active employees will total \$4,949,700 and up-to-date payments for newly-hired employees will total \$3,487,100.
- The total increase in state expenditures for all full-time active employees hired after June 30, 2015 to receive backpay and up-to-date longevity payments is estimated to be \$8,436,800 in FY21-22 (\$4,949,700 + \$3,487,100).
- A recurring increase in state expenditures in FY22-23 and subsequent years estimated to be \$3,487,100.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Bojan Savic". The signature is written in a cursive style with a large, stylized 'B' and 'S'.

Bojan Savic, Interim Executive Director

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